

MINUTES

MONTANA HOUSE OF REPRESENTATIVES 57th LEGISLATURE - REGULAR SESSION JOINT APPROPRIATIONS SUBCOMMITTEE ON LONG RANGE PLANNING

Call to Order: By **CHAIRMAN MATT MCCANN**, on March 1, 2001 at 5:15 P.M., in Room 172 Capitol.

ROLL CALL

Members Present:

Rep. Matt McCann, Chairman (D)
Sen. Bob Keenan, Vice Chairman (R)
Sen. Tom A. Beck (R)
Rep. Dave Kasten (R)
Sen. Jon Tester (D)
Rep. Steve Vick (R)

Members Excused: None.

Members Absent: None.

Staff Present: Jane Hamman, OBPP
Andrea Hyatt, Committee Secretary
Brian McCullough, Legislative Branch

Please Note: These are summary minutes. Testimony and discussion are paraphrased and condensed.

Committee Business Summary:

Hearing(s) & Date(s) Posted:
Executive Action: HB 14; HB 5

CHAIRMAN MCCANN opened the meeting for Executive Action on HB 5 and HB 14. He presented an overview to refresh the committee's memories as to where they left off at the last meeting. The issues that were addressed were maintenance, renovation to facilities and some HB 5 projects that were approved. He suggested that in this meeting they should recognize where they want to go with the general fund debt service; what they want on the status sheet; discuss if they should reach out beyond the maintenance, deferred maintenance and renovation of these buildings and do they want to address capital projects. An agenda was provided to the committee. **EXHIBIT(jlh47a01)**

{Tape : 1; Side : A; Approx. Time Counter : 19}

Brian McCullough provided a handout entitled "Revenue Estimate Long Range Building Program Account". **EXHIBIT(jlh47a02)** This identifies the balance for HB 5 is at this point in time. He then provided a handout entitled "Executive Action - HB 5".

EXHIBIT(jlh47a03) On page two of this sheet the total of \$4,319,660.00 corresponds with the Revenue Estimate sheet (**EXHIBIT 2**) under Funds Available For Capital Projects. The figures to the right is the cash programs; i.e., state special and federal accounts. The next handout is entitled "Bonded Program - LRBP". **EXHIBIT(jlh47a04)** Under the title "Issuance Schedule" the last column indicates the funding in HB 14 relative to bonded programs. Under the title "Debt Service" to the right reflects, by year, the progressive increase in debt service for FY 02, 03 and 04; the importance of FY 05 identifies that there will be an ongoing additional hit of \$2,214,083.00 to the general fund per year for the debt service for the new proposals that have been approved at this point or are still in the bill. Discussion followed. Page two of **EXHIBIT 4** identifies potential projects that have been discussed, were in the bill or potential amendments for items not in the bill. The right column identifies the projected timing of the debt service if those projects would move forward. He provided a handout entitled "Montana University System" regarding their O&M on their projects. **EXHIBIT(jlh47a05)** This indicates the impact when a project is state funded; it is found under the column Current Unrestricted. When the O&M for a project is state funded; that means it is both general fund and tuition.

{Tape : 1; Side : A; Approx. Time Counter : 103}

Jane Hamman provided information that the Chairman requested regarding the current debt and its status. She provided a handout entitled "State of Montana *General Fund Debt Service Obligations". **EXHIBIT(jlh47a06)** The right hand totals, on the line for 2001, indicates a figure of \$18,909,087.52; goes up in 2002 to \$19,132,939.89. This is why she is working with the Department of Administration in preparing the Governor's Budget, that these were structured so that, for the most part, on this schedule, there is not any impact until '03. It then decreases on down. **REP. VICK** clarified that this is only the current status and does not reflect any of the actions we have done. **Jane Hamman** responded affirmative.

{Tape : 1; Side : A; Approx. Time Counter : 125}

CHAIRMAN MCCANN informed the committee to begin the discussion that it is appropriate to go back and review the last question:

what are we comfortable in spending in debt service; how much additional debt service can we afford; and what is in the Governor's budget for debt service. **Jane Hamman** responded that what is currently in HB 14 is very close to what was in HB 14 as it was introduced. **SEN. TESTER** questioned the Capitol Complex Parking Garage found on page 2 of **EXHIBIT 4**.

{Tape : 1; Side : A; Approx. Time Counter : 170}

Bill Bayless, General Services Division, provided background on the project; presented a drawing of the possible locations and the cost of construction. The one option providing 300 spaces would cost approximately \$5,000,000.00; the other project would provide an extra 400 over the existing parking lot for an approximate cost of \$7,000,000.00. They believe that there should not be a fee for the structure since there would be free parking on the streets and people would use that before paying for a parking space. They recommended the debt service be paid by the rental rates for other state agencies. The general fund would be impacted by approximately \$200,000.00 per year. The rental rate includes three items: 1) the debt service, 2) maintenance for this facility and 3) maintenance for the other parking lots.

{Tape : 1; Side : A; Approx. Time Counter : 170 - 453}

SEN. TESTER commented that this is not in the Governor's Budget. **Tom O'Connell, A&E**, provided information about when the project could be funded and constructed. **REP. VICK** questioned if the committee would bond for the five million and add to this budget; yet the agencies would not be impacted until the next biennium. **CHAIRMAN MCCANN** stated yes and that they probably wouldn't have the project until the next biennium. **SEN. BECK** questioned the possibility if the City of Helena did this and charged an admission fee; we would not have to put in any money. **Bill Bayless**, responded. **SEN. BECK** questioned if the City of Helena had talked to **Mr. Bayless**; he responded and provided information on a project with a private developer building on state land. **SEN. KEENAN** commented about the Warm Springs Project and questioned if there were any changes in the bidding process or request for proposals for buildings so that this situation would not recur. **Tom O'Connell** responded. **SEN. KEENAN** questioned if when a project goes out for bid could they prevent a contractor from having a profit incentive for the project managers as opposed to performance standards or is that something internal to the contractor. **Tom O'Connell** responded. **CHAIRMAN MCCANN** stated that they would close this project since the City of Helena has not come forward with the project.

{Tape : 1; Side : A; Approx. Time Counter : 454}

CHAIRMAN MCCANN discussed the goal of the committee to do necessary projects and to have the consensus of the committee on any project. He then questioned **SEN. BECK** for his opinion for the Reception Unit at the Montana State Prison. **SEN. BECK** questioned the funding status of the fiscal note in HB 14 and what projects the committee has acted on that was not in the Governor's Budget. **Jane Hamman** responded.

{Tape : 1; Side : B; Approx. Time Counter : 0}

SEN. KEENAN questioned what the \$1.5 million represents in bonding capacity. **Jane Hamman** responded with reference to page two of **EXHIBIT 4**.

{Tape : 1; Side : B; Approx. Time Counter : 80 - 325}

Mike Mahoney, Warden Montana State Prison discussed the project and responded to questions from the committee. **Chuck Swysgood, Director of OBPP**, provided background on the savings from the bill presented by **SEN. GROSFIELD** that establishes the DUI Center in the X Building. There were further questions and discussions regarding the Reception Unit.

{Tape : 1; Side : B; Approx. Time Counter : 326 - 515}

Motion: **SEN. BECK** moved to continue the process for the Reception Unit at the Montana State Prison. He discussed further the funding details. **Mike Mahoney** provided further background. The committee had further discussion. **SEN. KEENAN** commented on reviewing the approved projects and weighing the importance of those that have not been approved.

{Tape : 2; Side : A; Approx. Time Counter : 0}

CHAIRMAN MCCANN commented that to help make decisions, to refer to the past high in debt service and have they exceeded \$20 million general fund.

{Tape : 2; Side : A; Approx. Time Counter : 7 - 30}

Motion Withdrawn: **SEN. BECK** questioned if it would adversely affect their bond rate and that there will be some bonds paid off in the future; and that the reception unit needs to be done. He withdrew his motion for the Reception Unit.

{Tape : 2; Side : A; Approx. Time Counter : 32}

SEN. TESTER questioned the priority of the Reception Unit and the Boot Camp that had been built. He stated his position on funding the Applied Technology Northern and Helena College of Technology and their contribution to economic development; he also stated that the Reception Unit is something that is needed. He stated that the legislature, back in 1995, took money out of deferred maintenance to build regional prisons and now we're going to take the money out of building university buildings and put back in deferred maintenance, it is a wrong message to be sent. He believes all three could be done.

{Tape : 2; Side : A; Approx. Time Counter : 66}

REP. VICK questioned that the fiscal note limit has been met, and more, and that any bond funds would have to be pulled out of the deferred maintenance program. **CHAIRMAN MCCANN** responded that is what we should do, but not have to do. **REP. VICK** stated that the decision before the committee now is whether to do the deferred maintenance and get caught up or pull back on that and build more new buildings. **SEN. TESTER** pointed out that with the Applied Technology Northern that there would be some deferred maintenance eliminated through razing a building and that the College of Technology does not have deferred maintenance because they have taken good care of their building.

{Tape : 2; Side : A; Approx. Time Counter : 85}

CHAIRMAN MCCANN reviewed for the committee that they are not looking at the Reception Unit; that there is a split on the educational facilities and suggested that the bonding issues be set aside for now and come back to them later. **SEN. BECK** stated that his decision is not to put anything back in the bill; leave it as is and close it and wait to see what happens on the floor because this committee is not going to come to a consensus.

{Tape : 2; Side : A; Approx. Time Counter : 97}

Motion: **SEN. TESTER** made a motion to add back in Applied Technology Northern, Helena College of Technology and Montana State Prison Reception Unit. He explained his reasoning for his motion.

CHAIRMAN MCCANN commented that sometimes you do have to look beyond just the cash flow of your government at the time. We all have been struck a little bit from the opposite direction from where we have been in the past; we have had pretty good revenues and have not had to put the brakes on different departments, different projects and we are all wrestling with the question if we have the foresight looking down the road to make these

decisions on projects. He personally felt he was uncomfortable in making that decision now, he wants to see a consensus of the committee on projects. **REP. VICK** questioned if the \$1.5 million would be adjusted down. **SEN. TESTER** responded affirmative and that the committee could discuss further. **REP. VICK** commented we have discussed the maintenance often and there are times you need to go out on a limb. He is not sure that those buildings would really provide economic stimulus. **SEN. TESTER** responded that it is not the building of the buildings that will create the stimulus; it is what comes out of those buildings that will create the economic stimulus. **SEN. KEENAN** discussed the College of Technology-Statewide, that they have approximately 3,000 students; the various classes offered and the connection with ASARCO closing down and the need for re-training. He feels that the Reception Unit project doesn't have the backing of the constituency like the University System. He does back the College of Technology and Applied Technology Northern and that the next legislature needs to address the Reception Unit; if he is here, he will make that motion. **REP. KASTEN** commented that he is not ready to vote for that motion; he supports Northern and College of Technology. He stated his concerns with the economy and he does not want to withdraw any funding from the deferred maintenance. **SEN. BECK** commented on the funding for the deferred maintenance for the removal of asbestos that could be deferred further; he further stated his support for the Reception Unit.

{Tape : 2; Side : A; Approx. Time Counter : 212}

Motion: **CHAIRMAN MCCANN** asked for those in favor of **SEN. TESTER'S** motion

Motion/Vote: **SEN. TESTER** moved **TO ADD BACK IN THE APPLIED TECHNOLOGY NORTHERN, HELENA COLLEGE OF TECHNOLOGY AND MSP RECEPTION UNIT. BE ADOPTED AS AMENDED.** Motion failed 2-4 with Kasten, Keenan, McCann and Vick voting no.

CHAIRMAN MCCANN informed the committee that this is not the beginning or end; need to take time to work on it a little more, think about it a little more; get more comfortable with it.

REP. VICK questioned if this would be an appropriate time to reduce the money spent on maintenance so that they are in line with the money that is in the Governor's Budget; the fiscal note. **Jane Hamman** responded that she could prepare a spread sheet indicating the savings from the house bills.

{Tape : 2; Side : A; Approx. Time Counter : 252}

CHAIRMAN MCCANN commented that the committee would address the University System authorities next since they were in the audience. He discussed O&M and that at the last meeting they were led to believe that it was general fund money only; he has been informed that in addition to general fund money it also includes tuition money. He asked if other committee members were aware of that. **SEN. BECK** stated he was not aware of that. **SEN. KEENAN** commented that during his walk through the College of Technology that it was discussed that it was a fee. **George Dennison, President, University of Montana**, stated that the O&M portion, by building, is tuition and the portion is determined by the portion of the operating budget covered by tuition and the portion covered by general fund; this is why you see a difference campus-by-campus. There is another fee, however, an academic facilities fee adopted by and with the initiative of the students, on several campuses of the University of Montana. Those dollars went in to a bonded program for deferred maintenance and some of that maintenance, based on the proportion of students and so forth, were on the campus of Helena, some in Butte, some in Dillon and some in Missoula. That work continues, together the state, the last time around, put \$2 million in to that; so that was a \$7 million project and the fee has generated sufficient revenue.

{Tape : 2; Side : A; Approx. Time Counter : 302}

CHAIRMAN MCCANN discussed the authorities and the percentage breakdowns. **George Dennison** provided further background. **Dick Crofts, Commissioner of Higher Education**, and **Rod Sunstead, Associate Commissioner for Fiscal Affairs**, provided further details. **SEN. TESTER** stated he felt that some funding authority should be granted back to the University System. **SEN. BECK** questioned what they want to accomplish. **CHAIRMAN MCCANN** stated that any authority that the committee grants needs to be thought of the impact in the future; and to consider some of the ones rescinded earlier. **SEN. TESTER** suggested the HB 5 authority granted for the School of Journalism, Pg. 3, Lines 1,2 be re-instated; and explained his reasoning. **SEN. KEENAN** questioned if it was the \$12 million authority for the Journalism School and if it was a line item and the O&M cost.

{Tape : 2; Side : A; Approx. Time Counter : 409}

Motion: **SEN. TESTER** moved to insert spending authority for \$12 million for the School of Journalism at the University of Montana-Missoula.

SEN. BECK questioned the total O&M; **SEN. KEENAN** responded. **SEN. BECK** stated he would support the motion; felt that they took away too much authority and would also like to consider the Fine Arts building. **REP. KASTEN** stated that they did take away quite a bit of authority and thought the School of Journalism was good but he had others on his priority list. **CHAIRMAN MCCANN** questioned what the current outstanding authorities were. **GEORGE DENNISON** responded: 1) \$23 million for the Life Science Building; 2) \$3-1/2 million for the Native American Studies Building; 3) \$10 million for the Forestry Building. They projected to have the funds raised for the Native American Studies by 2003; the Life Science by 2006 and Forestry in 2004. He provided additional comments. **SEN. BECK** questioned if there were any funds already raised for the Fine Arts Building. **George Dennison** responded.

{Tape : 2; Side : B; Approx. Time Counter : 0}

Motion: **SEN. BECK** amended **SEN. TESTER'S** motion to include the Fine Arts Building.

CHAIRMAN MCCANN re-stated the motion to return the authority for the School of Journalism for \$12 million and the Fine Arts for \$5 million. **SEN. KEENAN** questioned the in-state tuition that covers the cost for O&M. **George Dennison** responded. **REP. KASTEN** made comments regarding the motion to include the Fine Arts Building and the location. **George Dennison** responded. **SEN. BECK** commented on the authorities and funding that has been raised for the projects. **REP. KASTEN** commented on the weight rooms and stadium at UofM and raising funds through donations for various projects. **George Dennison** commented on the funding for the athletic facilities is supported by fees for those who use them along with some donations. **CHAIRMAN MCCANN** questioned the outstanding authorities; how long they have been active for the Life Science, Native American Studies and the Forestry Building and how much funding has been raised. **George Dennison** responded the majority were from the last legislature and the funds raised for: 1) Native American Studies - \$3 million; 2) Life Sciences \$5-6 million; 3) Forestry Approx. \$5 million. **REP. VICK** questioned the original authority for the Life Science Building. **George Dennison** provided the history background on the project. **REP. KEENAN** questioned the amount of general fund that goes in to the inter-collegiate athletic fund each year. **Rod Sunstead** responded.

{Tape : 2; Side : B; Approx. Time Counter : 138}

CHAIRMAN MCCANN restated the motion to grant the authority for the School of Journalism and the Fine Arts Meloy Gallery be granted back to the University System.

Motion/Vote: **SEN. BECK** moved **TO GRANT THE AUTHORITY FOR THE SCHOOL OF JOURNALISM AND THE FINE ARTS MELOY GALLERY BE GRANTED BACK TO THE UNIVERSITY SYSTEM. BE ADOPTED AS AMENDED.** Motion failed 3-3 with Kasten, McCann and Vick voting no.

{Tape : 2; Side : B; Approx. Time Counter : 146}

Motion: **CHAIRMAN MCCANN** offered **SEN. TESTER** the opportunity to make a motion to strictly fund the School of Journalism. **SEN. TESTER** so moved.

Motion/Vote: **SEN. TESTER** moved **TO GRANT THE AUTHORITY FOR THE SCHOOL OF JOURNALISM BE GRANTED BACK TO THE UNIVERSITY SYSTEM. BE ADOPTED AS AMENDED.** Motion passed 4-2 with Kasten and Vick voting no.

{Tape : 2; Side : B; Approx. Time Counter : 152}

Motion: **SEN. TESTER** to re-instate the original spending authority on the Fine Arts Meloy Gallery of \$2.5 million. He provided his reasoning. **SEN. KEENAN** questioned the O&M. **George Dennison** clarified the split for the O&M. **SEN. KEENAN** stated he would vote no for now until he had more information. **SEN. BECK** questioned.

Motion/Vote: **SEN. TESTER** moved **TO RE-INSTATE THE ORIGINAL SPENDING AUTHORITY FOR THE FINE ARTS MELOY GALLERY OF \$2.5 MILLION. BE ADOPTED AS AMENDED.** Motion failed 2-4 with Kasten, Keenan, McCann and Vick voting no.

CHAIRMAN MCCANN commented to the audience that this meeting will continue to evolve and apologizes to those who have been waiting for their projects to be considered, he will set another date for the remainder of the agenda. **SEN. BECK** questioned what still had to be done for FWP. **CHAIRMAN MCCANN** responded. He also stated that HB 5 and HB 14 are still open.

The meeting was adjourned.

ADJOURNMENT

Adjournment: 7:05 P.M.

REP. MATT MCCANN, Chairman

ANDREA HYATT, Secretary

MM/AH